

House File 2030 - Reprinted

HOUSE FILE 2030
BY COMMITTEE ON EDUCATION

(SUCCESSOR TO HSB 544)

(As Amended and Passed by the House January 15, 2010)

A BILL FOR

1 An Act relating to the school budget review committee by
2 modifying its membership and by modifying the committee's
3 duties related to school district unusual financial
4 circumstances and including effective date provisions.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 257.2, Code 2009, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 13. *“Unexpended fund balance”* means a
4 school district’s unreserved and undesignated fund balances.

5 Sec. 2. Section 257.30, subsection 1, Code Supplement 2009,
6 is amended to read as follows:

7 1. A school budget review committee is established in
8 the department of education and consists of the director
9 of the department of education in an ex officio, nonvoting
10 capacity, the director of the department of management, and
11 ~~three~~ four members who are knowledgeable in the areas of
12 Iowa school finance or public finance issues appointed by
13 the governor to represent the public. At least one of the
14 public members shall possess a master’s or doctoral degree in
15 which areas of school finance, economics, or statistics are
16 an integral component, or shall have equivalent experience in
17 an executive administrative or senior research position in
18 the education or public administration field. The members
19 appointed by the governor shall serve staggered three-year
20 terms beginning and ending as provided in section 69.19 and are
21 subject to senate confirmation as provided in section 2.32.
22 The committee shall meet and hold hearings each year and shall
23 continue in session until it has reviewed budgets of school
24 districts, as provided in section 257.31. The committee may
25 call in school board members and employees as necessary for
26 the hearings. The committee’s scheduled hearing agendas and
27 the minutes of such hearings shall be posted on the department
28 of education’s internet ~~website~~ site. Legislators shall be
29 notified of hearings concerning school districts in their
30 legislative districts.

31 Sec. 3. Section 257.31, subsection 5, unnumbered paragraph
32 1, Code Supplement 2009, is amended to read as follows:

33 If a district has unusual circumstances, creating an unusual
34 need for additional funds, including but not limited to the
35 ~~following~~ circumstances enumerated in paragraphs “a” through

1 "n", the committee may grant supplemental aid to the district
2 from any funds appropriated to the department of education
3 for the use of the school budget review committee for the
4 purposes of this subsection, ~~and such~~. The school budget
5 review committee shall review a school district's unexpended
6 fund balance prior to any decision regarding unusual finance
7 circumstances. Such aid shall be miscellaneous income and
8 shall not be included in district cost, ~~or~~. In addition
9 to or as an alternative to granting supplemental aid the
10 committee may establish a modified allowable growth for the
11 district by increasing its allowable growth, ~~or both~~. The
12 school budget review committee shall review a school district's
13 unspent balance prior to any decision to increase modified
14 allowable growth under this subsection.

15 Sec. 4. Section 257.31, subsection 7, paragraph a,
16 unnumbered paragraph 1, Code Supplement 2009, is amended to
17 read as follows:

18 The committee may authorize a district to spend a reasonable
19 and specified amount from its unexpended ~~cash~~ fund balance for
20 the following purposes:

21 Sec. 5. Section 257.31, subsection 7, paragraph b, Code
22 Supplement 2009, is amended to read as follows:

23 *b.* Other expenditures, including but not limited to
24 expenditures for salaries or recurring costs, are not
25 authorized under this subsection. Expenditures authorized
26 under this subsection shall not be included in allowable
27 growth or district cost, and the portion of the unexpended
28 ~~cash~~ fund balance which is authorized to be spent shall be
29 regarded as if it were miscellaneous income. Any part of
30 the amount not actually spent for the authorized purpose
31 shall revert to its former status as part of the unexpended
32 ~~cash~~ fund balance.

33 Sec. 6. Section 257.31, subsection 14, paragraph b,
34 subparagraph (3), Code Supplement 2009, is amended to read as
35 follows:

1 (3) A school district is only eligible to receive
2 supplemental aid payments during the budget year if the school
3 district certifies to the school budget review committee
4 that for the year following the budget year it will notify
5 the school budget review committee to instruct the director
6 of the department of management to increase the district's
7 allowable growth and will fund the allowable growth increase
8 either by using moneys from its unexpended ~~cash~~ fund balance
9 to reduce the district's property tax levy or by using cash
10 reserve moneys to equal the amount of the deficit that would
11 have been property taxes and any part of the state aid portion
12 of the deficit not received as supplemental aid under this
13 subsection. The director of the department of management shall
14 make the necessary adjustments to the school district's budget
15 to provide the modified allowable growth and shall make the
16 supplemental aid payments.

17 Sec. 7. Section 298.10, Code Supplement 2009, is amended by
18 adding the following new subsection:

19 NEW SUBSECTION. 1A. For fiscal years beginning on or after
20 July 1, 2009, if the school budget review committee determines
21 that a school district's unexpended fund balance is in excess
22 of the amount necessary for operations, the school budget
23 review committee shall direct the school district to use the
24 unexpended fund balance in lieu of levying property taxes and
25 shall direct the department of management to do one of the
26 following:

27 a. For the fiscal period beginning July 1, 2009, and ending
28 June 30, 2012, limit the school district's cash reserve levy
29 to a level that is not excessive as determined by the school
30 budget review committee.

31 b. For fiscal years beginning on or after July 1, 2012,
32 limit the school district's cash reserve levy to a level that
33 is not excessive as determined by the school budget review
34 committee and does not exceed the cash reserve limitation in
35 subsection 2.

1 Sec. 8. Section 298.10, subsection 2, Code Supplement 2009,
2 is amended to read as follows:

3 2. For fiscal years beginning on or after July 1, 2012, the
4 cash reserve levy for a budget year shall not exceed twenty
5 percent of the general fund expenditures for the year previous
6 to the base year minus the ~~general fund~~ unexpended fund
7 balance, as defined in section 257.2, for the year previous to
8 the base year.

9 Sec. 9. EMERGENCY RULES. The department of education
10 may adopt emergency rules under section 17A.4, subsection 3,
11 and section 17A.5, subsection 2, paragraph "b", to implement
12 the provisions of this Act, and the rules shall be effective
13 immediately upon filing unless a later date is specified in the
14 rules. Any rules adopted in accordance with this section shall
15 also be published as a notice of intended action as provided
16 in section 17A.4.

17 Sec. 10. EFFECTIVE UPON ENACTMENT. This Act, being deemed
18 of immediate importance, takes effect upon enactment.